6. Determine the ceiling and floor for direct care and care related costs as follows:

   A. Prepare an array of the facilities; their associated trended direct care and care related costs, summed; and their annualized total patient days. The array should include all nursing facilities regardless of their classification.

   B. Arrange the data in order from lowest to highest cost.

   C. Add to the array the cumulative annualized total patient days by adding in succession the days listed for each facility.

   D. Determine the median patient days by multiplying the total cumulative patient days by fifty percent (50%) and locate the median patient days on the array.

   E. Determine the median costs by matching the median patient days to the cost associated with the median patient day. This may require interpolation.

   F. The ceiling for direct care and care related costs is determined by multiplying the median cost by one hundred twenty percent (120%). The floor is

determined by multiplying the median cost by ninety percent (90%).

The floor will be computed only for the payment periods July 1, 1993 through June 30, 1994 (FY 1994) and July 1, 1994 through June 30, 1995 (FY 1995). Facilities which receive the floor for direct care and care related costs must increase their allowable costs in these areas in order to avoid the repayment of the amount not spent on direct care and care related costs. The comparison of the floor and actual costs will be after the costs are case mix adjusted to an average of 1.00. In addition, costs incurred (not trended) will be compared to the floor that was computed using trended costs for the rate period. Since the cost report periods and the rate periods are not the same, an adjustment will be made to the repayment amount for facilities which receive the floor payment for only a portion of their cost report period. In no case will the recoupment be greater than the amount paid for the difference in trended

direct care and care related costs and the floor. A facility that qualifies for the floor for FY 1994 will not necessarily qualify for the floor for FY 1995. Likewise, a facility that does not qualify for the floor in FY 1994 may receive the floor for FY 1995 if their direct care and care related costs are lower than 90% of the median.

For example: XYZ Nursing Facility has trended direct care and care related costs of $15.00 per day, as determined in 5, above, for the period January 1, 1992 through December 31, 1992. Assume that the median for direct care and care related costs is $22.00 when the base rates are determined for the period July 1, 1993 through June 30, 1994 (FY 1994). Therefore, 90% of the median is $19.80. Accordingly, the direct care and care related base rate of XYZ Nursing Facility will be increased by $4.80 to the floor for the FY 1994 rate period. Since the facility did not receive the incentive of the 90% floor six (6) months of the next reporting period, XYZ Nursing Facility must increase their

allowable direct care and care related costs by one-half (1/2) of the amount of the difference between the direct care and care related costs from the cost report used to compute the rate and the floor. In this example, the cost report filed by XYZ Nursing Facility for the period January 1, 1993 through December 31, 1993 must have allowable direct care and care related costs of at least $17.40 per day, case mix adjusted, in order to avoid the recoupment of a portion of the floor payment. If the allowable direct care and care related costs are $17.00 on the 1993 cost report, the direct care and care related base rate of XYZ Nursing Facility for FY 1994 will be reduced to $19.40, a $.40 reduction. This will be repaid to the Medicaid program by a retroactive rate adjustment for the period in which the floor was paid. The Medicaid fiscal agent would recoup the amount paid for each claim and repay the claims at the adjusted rate.

Starting July 1, 1993 and only during FY 1994 and FY 1995, a nursing facility may file one

abbreviated cost report per state fiscal year consisting of Forms 2, 3, 5 and 6 for any calendar quarter in order to prove they have equaled or exceeded the floor. The abbreviated cost report will only be used to determine if their actual costs (without a trend factor) were greater than or equal to the floor computed during the annual rate setting process. The standard per diem rate of the facility will not be changed as a result of the abbreviated cost report. If a nursing facility has incurred direct care and care related costs that equal or exceed the floor, the nursing facility will be eligible to receive the Direct Care Access and Quality Incentives beginning the second (2nd) calendar quarter following the abbreviated cost report period. The abbreviated cost report may not be substituted for any part of the annual cost report required for each nursing facility. If, when the annual cost report is filed, a nursing facility which filed an abbreviated cost report in order to receive the Direct Care Access and Quality Incentives is found to be below the floor for the

cost report period, the facility must repay the Direct Care Access and Quality Incentives as well as the portion of costs below the floor as described above and the facility will be ineligible for the Direct Care Access and Quality Incentives for the remainder of the rate year. Facilities which file an abbreviated cost report must do so within thirty (30) days following the end of the calendar quarter contained in the abbreviated cost report.

7. Determine the standard rate for each facility for direct care and care related costs. If the facility's case mix adjusted cost is above the ceiling, its standard rate is the ceiling. If the facility falls below the ceiling and above the floor, then its standard rate is its case mix adjusted cost. If a facility falls below the floor, its standard rate is the floor.

8. Allocate each facility's Standard Rate between direct care costs and care related costs. This is done by using the percentage of case mix adjusted direct care costs and care related costs to the total of these costs used in 4, above, for each facility. This will result in the

Standard Case Mix Adjusted Direct Care Base Rate and the Care Related Per Diem Rate.

9. The Standard Case Mix Adjusted Direct Care Base Rate of each facility will be multiplied by the facility's average case mix score as described in Section C, below, on a quarterly basis. The facility's average case mix score will be computed using the access and quality weights as described in Section B, below.

B. Direct Care Access and Quality Incentives

In computing the average case mix for each nursing facility to be used in adjusting the direct care base rate, direct care access and quality incentives will be used. These incentives are only available to facilities whose case mix adjusted direct care and care related costs are greater than or equal to 90% of the median for the cost report period being used to compute the base rate. These incentives will increase the Mississippi Base Weights used to compute the average case mix score for the appropriate calendar quarter. The direct care

access and quality incentives will increase the base weight by two percent (2%) for the following case mix categories:

DESCRIPTION	M^3PI GROUP	DIRECT CARE ACCESS & QUALITY INCENTIVE WEIGHTS
Extensive 3	SE3	2.896
Extensive 2	SE2	2.362
Extensive 1	SE1	1.982
Rehab 17-18	RAD	2.330
Rehab 14-16	RAC	1.975
Rehab 10-13	RAB	1.807
Rehab 4-9	RAA	1.501
Special 17-18	SSC	1.915
Special 15-16	SSB	1.771
Special 7-14	SSA	1.743
Complex 17-18D	CC2	1.454
Complex 17-18	CC1	1.337
Complex 12-16D	CB2	1.272
Complex 12-16	CB1	1.177
Complex 4-11D	CA2	1.064
Complex 4-11	CA1	0.953
Impaired 6-10N	IB2	1.082
Impaired 6-10	IB1	0.957
Behavior 6-10N	BB2	1.041
Behavior 6-10	BB1	0.883
Physical 16-18N	PE2	1.212
Physical 11-15N	PD2	1.117
Physical 9-10N	PC2	0.956
Physical 6-8N	PB2	0.841

C. Case Mix Adjusted Per Diem Rate

A per diem rate will be calculated for each nursing facility on a quarterly basis. Each nursing facility's standard direct care rate will be multiplied by their average case mix for the period two calendar quarters prior to the start date of the rate being calculated. For example, the July 1, 1993 rate

will be determined by multiplying the standard direct care rate by the average case mix for the quarter January 1, 1993 through March 31, 1993. This will result in the case mix adjusted direct care per diem rate. This is added to the care related per diem rate, the administrative and operating per diem rate, the per diem fair rental payment, the per diem hold harmless, and the per diem return on equity capital to compute the facility's total per diem rate for the calendar quarter. The direct care per diem base rate, the care related per diem rate, the administrative and operating per diem rate, the per diem fair rental payment, the per diem hold harmless and the per diem return on equity capital are computed annually and are effective for the period January 1 through December 31. The case mix adjustment is done quarterly to determine the total rate for the periods January 1 through March 31, April 1, through June 30, July 1 through September 30, and October 1 through December 31.

D. Administrative and Operating Rate

Administrative and operating costs include salaries and fringe benefits for the administrator, assistant administrator,

dietary, housekeeping, laundry, maintenance, medical records, owners and other administrative staff. These costs also include contract costs for dietary, housekeeping, laundry and maintenance, dietary and medical records consultants, accounting fees, non-capital amortization, bank charges, board of directors fees, dietary supplies, depreciation expense for vehicles and for assets purchased that are less than the equivalent of a new bed value, dues, educational seminars, housekeeping supplies, professional liability insurance, non-capital interest expense, laundry supplies, legal fees, linens and laundry alternatives, management fees and home office costs, office supplies, postage, repairs and maintenance, taxes other than property taxes, telephone and communications, travel and utilities.

1. Determine the per diem administrative and operating cost for each facility during the cost report period. (Divide administrative and operating cost by total period patient days. Patient days will be increased, if necessary, to 80% occupancy.)
2. Trend each facility's administrative and operating per diem cost to the middle of the rate year using the trend